

**Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES**

Date: August 4, 2009: **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Christian Alder
Terry Benelli
Jared Langkilde
Jim LeCheminant
Steve Parker
Jo Wilson
Steve Wood

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady
Brian Campbell
Jeff Crockett
Charlie Deaton
Steve Shope

STAFF PRESENT

Betsy Adams
William Jabjiniak
Shea Joachim

MEMBERS ABSENT

None

GUESTS

Tom Verploegen
Lois Yates

1. Chair's Call To Order

Chair Jim LeCheminant called the August 4, 2009 meeting of the Economic Development Advisory Board to order at 7:32 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, Arizona 85201.

2. Items from Citizens Present

There were no items from citizens present.

3. Approval of Minutes from June 2, 2009 board meeting.

Chair LeCheminant called for a motion to approve the minutes from the meeting held on June 2, 2009.

MOTION: Rich Adams moved that the minutes from June 2, 2009 be approved as written.

SECOND: Christian Alder

DECISION: Passed unanimously.

4. Falcon Field Update

Ms. Corrine Nystrom, Falcon Field Airport Director, provided a brief history of Falcon Field and also cited some statistical data regarding its significant contribution to the overall economic environment in Mesa from a business, employment, and economic impact standpoint.

Falcon Field is financially self-sustaining and does not use city general funds to operate Falcon Field, but relies solely upon the revenues that are collected from the users of the airport.

The Capital Improvements Funds have received some funding from Federal and State grants, airport revenues, and the private sector. Since 2002 \$8.2+ million federal and state grants have been received to help with the airports infrastructure.

The airport has evolved from being a small, relaxed, laidback type of airport to one that is moving into the 21st Century. Falcon Field Airport wants to continue to be an economic contributor to the City of Mesa, create jobs and to generate a positive image for Mesa.

Falcon Field is focusing on the fact that there is more traffic, and increased aircraft operations that are flying over people's homes and businesses. As a result of this a "Fly Friendly Program" has been created which is designed to reach out to the various stakeholders including education programs. The goal is to work with everyone to arrive at solutions as to how everyone can co-exist from this point forward. Stakeholders involved include the Falcon Field pilots and users, citizens of Mesa, the City of Mesa and the Federal Aviation Administration (FAA).

Mr. Jared Langkilde asked what impact aircraft from Sky Harbor Airport has on Falcon Field when they fly over. He also asked if it is true that this is the only airport in Mesa where there is residential property right up against the airport.

Ms. Nystrom responded that Sky Harbor' flight patterns do have an effect on the operations at Falcon Field because Falcon Field's location is directly to the east of Sky Harbor Airport and the flight patterns are flying directly over Falcon Field or very close by. She explained the ramifications of the different levels of airspace which are, depending on traffic, modified by the FAA as deemed necessary. The flight patterns clearly do have an effect on the air space at Falcon Field.

In response to the second question she stated that Falcon Field does have some residential property located close to the ends of the runways. In comparison to Gateway it is her understanding that efforts are being made to prevent that type of situation from occurring at Gateway as it continues to develop to prevent that type of situation from occurring at Gateway, especially since Gateway is able to accommodate much larger and noisier aircraft. In relationship to the other airports in the Valley there is some development around all of those airports and every airport is experiencing the same issues that Falcon Field is experiencing in terms of the noise complaints. It is quite clear that yes there is residential relatively close to both ends of the runways and that is a challenge which needs to be addressed.

Mr. Steve Wood wanted to know if there was any discussion about limiting the amount of general aviation air traffic at Gateway and pushing it over to Falcon Field to keep the larger and noisier commercial aircraft over at Gateway.

Ms. Nystrom responded that in discussions with the airport people at Gateway there is a vision of steering Gateway more toward not being limited to just commercial passenger service, but also include cargo service. Large and small aircraft are not compatible and this creates a safety issue. With different types of large aircraft taking off and smaller aircraft right behind them, those aircraft have to be separated so that you do not have a

safety problem. It is not unusual for communities, if they have the luxury of having more than one airport, to try to separate those two to the extent they have. Clearly Sky Harbor/Phoenix has done that with both Deer Valley and Goodyear handling the majority of the general aviation traffic so that Sky Harbor can focus on the commercial aircraft. That is a decision the Airport Authority at Gateway would need to make themselves in conjunction with discussions with the City of Mesa. It is certainly not an uncommon thing for that to occur in a large community.

Mr. Steve Shope commented that after reading an editorial in the local newspaper he understood there seems to be a strong grassroots effort against some of the flight operations at Falcon Field. In particular the article questioned whether pilot training is a high volume, relatively low value use of the airspace.

Ms. Nystrom commented that with the training operations at Falcon Field it has made the skies a lot busier. There are two sides to every story. The one side being, as mentioned, that it does create a much busier airspace above the community. The other side is that a community needs to consider what economic impact the flight training has on the community. The flight school that is often spoken about at Falcon Field does employ approximately 100 people with many of those people being Mesa residents. When asked to provide information on their economic contribution to the community, they provided information that indicated a contribution of up to \$9 million a year to the local economy. It becomes one of those situations where you try to weigh both situations, recognizing that all parties involved have a valid issue, concern or interest. Being able to work through and find solutions to the issues among all the parties involved that will make it possible for everyone to co-exist more comfortably is one of our major goals.

Mr. Brian Campbell asked what tools Ms. Nystrom would like to have and what the Board could help her achieve in order to focus on business retention and attracting new businesses to Falcon Field and the surrounding area.

Ms. Nystrom commented that one of the things very helpful already is the great working relationship with the Economic Development Department. Being able to continually exchange information with the economic development staff, whose general focus is on areas outside of the airport, but also continuous involvement with Falcon Field on developments at the airport is most helpful. The continued support of the Economic Development Department and all the other Boards involved is really what Falcon Field needs right now.

Mr. Campbell requested that Ms. Nystrom identify a marketing piece for Falcon Field as there are several initiatives within this Board and at GPEC. Such material would be helpful in marketing Falcon Field to perspective locates. Some of the strengths and spaces available would be helpful to coordinate with the Economic Development staff.

Mr. William Jabjiniak commented that he and Ms. Nystrom meet on a monthly basis to cover things that are happening on Falcon Field and also share information on the surrounding area. A Business Retention blitz was recently completed on Falcon Field where economic development staff and airport staff called on twelve businesses.

Mr. Shope commented that the Aerospace Institute is mainly focused out at Phoenix/Mesa Gateway Airport but he thinks that some of the high technology/aerospace

research and development would be valid businesses to put on Falcon Field also. He said he would keep Ms. Nystrom posted on the possibility.

Mr. Charlie Deaton commented that he was curious as to why Sky Harbor continues to move their flight pattern south, recognizing that sooner or later problems are going to occur and maybe already have with Falcon Field and Gateway. He questioned why they could not move the flight pattern further to the north.

Ms. Nystrom offered to contact the FAA and ask for an explanation on how they reached their decision to determine the flight patterns. She explained that when the process was occurring the FAA evaluated the entire airspace in the Phoenix area. It was her understanding that several of the other airports were affected by the flight patterns as well. She is not sure as to the full extent to which the Scottsdale airspace was affected (at which point Lois Yates interjected a comment that it was not affected at all). Corrine offered to contact the FAA and ask for an explanation on how they reached their decision to determine the flight patterns.

Mr. Adams commented that the issue over the flight school and the controversy with the neighborhood could have a potentially negative impact on how other businesses consider locating at the airport.

Ms. Nystrom acknowledged the impact and stated that Falcon Field is at a crossroads and the decisions that are made in the next several months are going to have a dramatic effect on how the airport develops in the future. The aviation industry has a very long memory and is a very close knit community.

Mr. Langkilde responded that several businesses approached him about an interest in locating at Falcon Field, but due to the flight school there and the crowding of the airspace they actually chose to locate at Scottsdale Airpark. He asked if anyone was tracking how to mitigate the negative impacts of a flight school on the businesses that do want to locate to the area and have some flight needs of their own. There are types of businesses that might be turning away and going somewhere else because of the crowded airspace.

Ms. Nystrom commented that they are working on this issue. There are some things over which the airport has control and other things that are uncontrollable. For example the FAA is the governing entity that actually authorizes a flight school into existence. The FAA has very strict criteria that must be met in terms of safety, and if training foreign students those students must meet a certain level of English proficiency. Because of the fact the economy is down the development prospects are limited. How much is based upon the reputation of a flight school being there is unclear. The City of Mesa's decisions must be in compliance with what the FAA will or will not allow to be done. The FAA is a player and a large stakeholder in the airport as well. They have certain requirements that have to be met. Whatever decisions are made, the FAA, the flight schools and the community involved must be in agreement.

5. Business/Retention Visit Report

Ms. Lois Yates, Executive Director of the Falcon Field Area Alliance, complimented Ms. Corrine Nystrom on her excellent management at Falcon Field. Lois provided a brief

history of the formation, training, pairing, visits and outcome of the Business Expansion and Retention Program (BRE) conducted by the Chamber of Commerce. A total of 72 companies that created primary jobs were selected and upon researching the companies a total of 62 were in the final process. A letter was sent to the companies asking them to participate in the program along with a survey provided by the Economic Development Department. Of the 62 companies only 18 participated with actual visits being conducted.

The following is the Executive Summary:

Retaining and expanding existing businesses in Mesa is good business. This report is the result of interviews with top executives of Mesa businesses. The surveyed companies:

- Employ 2,400 people with an estimated payroll of over \$75,000,000 and occupy approximately 1,800,000 square feet of building space.
- Have been in business in Mesa for an average of over 25 years.

Overall, the companies provided good news:

- Even though sales have been declining due to the economy, most companies feel positive about the future.
- 83% introduced new products in the last 5 years.
- 89% plan to introduce new products in the next 2 years.
- Mesa provides an outstanding workforce.

The executives visited were asked to identify Mesa's strengths and barriers to growth.

Community strengths in order of frequency were: workforce; location; support from city government; good business community and a low cost of doing business.

Community weaknesses in order of frequency were: city policies and support; city's negative reputation; crime and vandalism; and the city's financial issues.

Community barriers to growth include: government policies and processes, crime and quality of life.

Recommendations for action based on findings include:

- Work with the Police Department to identify ways to combat the increase in crime in some of Mesa's industrial areas.
- Work with Neighborhood Services Department on solutions for deteriorating neighborhoods.
- Continue to work on initiatives to change the perceived negative reputation of Mesa.
- Assist small basic companies to grow and diversify Mesa's economy.
- Continue to work with the city on streamlining Mesa's business and development procedures.

In a debriefing meeting it was decided to continue to use the survey with revisions, do a better job of getting an appointment with the company, to improve the publicity plan to be more effective, and provide better information to the interviewers. There will be mandatory orientation and untrained volunteers will not be allowed to participate.

Mr. Adams commented that he found it interesting that among the strengths are support from city government and among the weaknesses are city policies and support. The barriers include government policies.

Mr. Alder commented on the weaknesses and the involvement or efforts of the Board in helping to turn the negative perceptions of Mesa around. He suggested focusing on the positive in marketing materials.

Mr. Jabjiniak said that one of the respondents had an issue that dated back to early 2000. It is an old issue, but people are harboring some bad feelings and that needs to be dealt with. The only way to address that is through building and improving relationships. So much of economic development is about good relationships and for the staff and Board to get out and partner with the community, the Chamber and others to develop those relationships. It is important for all of us to be out singing from the same sheet of music. The Mayor, Chris Brady and he visit the larger major companies mainly to build relationships, not to collect data or do a survey.

Ms. Yates commented that the businesses will be receiving the report and those that had specific issues have been visited by Mr. Deaton and Mr. Jabjiniak and the issues have been resolved. The Economic Development Department is following up throughout city government on these specific issues that were raised.

Mr. Jabjiniak commented that one of the goals of the revised program will be to get back in front of those businesses already called upon to share the report results. The report is also going to be used to get in front of some of the businesses that we were not successful getting in gaining an appointment with the last time. Hopefully the report with the information received will open up the door to those companies. Bill thanked Ms. Yates and Mr. Deaton for the partnership and in leading the program effort.

Ms. Yates commented that the program is going to continue in the Fall.

6. Discuss suggestions for Downtown Mesa Concept Plan

Mr. Tom Verploegen, President of the Downtown Mesa Association gave a presentation several months ago on the proposed update to the Downtown Mesa Concept Plan. Since that time there have been a number of meetings with as many groups both public and private as possible for input or suggestions to the preliminary draft plan. Several of the comments were different ideas in terms of vision of, with numerous comments on mass transit primarily on the physical design on Main Street. There will be a Central Mesa Stakeholder Advisory Committee that will look at the specifics of the design and then it will be folded into the vision concept plan. Another key part is the bus transfer areas for the light rail. There were numerous comments on the cultural, arts and major events with an agreement that the strategy was not strong in these areas.

Mr. Campbell commented that he had spent quite a bit of time reviewing the last report. He felt there may be a different way to approaching things. Each of the items touched upon in the summary all deal with trying to bring people to the downtown area. What he identified from this process is a void in the City in this area to drive people to the downtown area. City people are already working in the areas of design concepts, code compliance, but there is no one in the City that is focusing on driving people to the downtown area.

Mr. Jabjiniak asked Mr. Verploegen if an effort has been made to reach out to other areas of the city for input and not just the stakeholders. Has there been a concentrated effort to reach out to areas, for example from northeast Mesa, to provide input to the plan on how to draw people from northeast Mesa into the downtown area.

Mr. Verploegen responded that there has not been any specific effort in that regard. Information has gone out mainly through the newspapers but predominately through the approximately 15 or so city advisory boards.

Mr. Jabjiniak commented that involving the whole city is a critical part of hearing what they would like to see or what would draw them into the downtown area. He suggested from a marketing perspective to include the outreach from various parts of the city and to make it convenient to receive the input.

Mr. Verploegen responded that the suggestion was being worked in to hold meetings throughout the city as that request was being made more and more.

Mr. Jabjiniak commented that Shea Joachim has been designated as the main point of contact in the light rail effort and will be coordinating the technical activities. The relationships with the businesses and relaying information will be critical.

7. Directors Report

Mr. Shea Joachim gave a short background on the business registry. The concept of the business registry has been around the city for a long time. Back in February several representatives from the Economic Development Department, Tax and Licensing, Purchasing, as well as the Chamber of Commerce presented the concept to the General Economic Development Committee (GEDC). The concept was to capture accurate business information from Mesa businesses, but also at the same time streamline the licensing/registration process at the city. Currently the Fire Department has a Fire Safety Operational Permit and they maintain their own database. The Tax and Licensing Department maintains a database of Sales Tax License (TPT). In addition the Economic Development Department purchases business information from a marketing company called Claritas. The problem in purchasing data is that often the data is inaccurate. We then had ITD combine the Fire Safety Operational Permit database with the Tax and License database to see how many businesses we actually had information on. The estimates through Claritas show that there are approximately 15,000 (not home-based businesses) in the City of Mesa. The number the IT Department came up with after the combination was just under 15,000 businesses. The discussion centered then on how to share data within the City more effectively. The discussion focused on structuring the database information internally so that data can be collected and filtered down to the 3 different departments so they do not have to change the way they do business today, be cost effective along with access to business information, and allow any department in the city to access business information.

The IT Department is doing a feasibility study on this subject, and one of the issues involved is that whatever is adopted must be compatible with the new financial system being developed under the City Edge Project.

Mr. Joachim also provided an explanation and instructions for signing up on Twitter. He provided a handout sheet with some background information and instructions to enroll. The Economic Development opened an account in October 2008 and was the first economic development agency in the State to adopt its use. We use it as another way to get the news out.

Mr. Joachim also commented that on August 13, 2009 there is a “Doing Business in Mesa” event from 1-4 p.m. at the Mesa Arts Center, South Lobby. The event is aimed at promoting awareness of what city departments’ purchase on a yearly basis. It also promotes using Mesa businesses but is open to all businesses and gives information for signing up to become part of the procurement process.

8. GPEC Update

Mr. Campbell commented that the main emphasis is the passage of Senate Bill #1403, signed by the Governor. The City of Mesa, particularly Mayor Smith, showed outstanding leadership, calling on key people to help get the program passed. The impact from the Renewable Energy Tax Credit Program has caused GPEC to revise its internal numbers upward from \$2.6 billion to over \$3 billion of pipeline potential business. It was announced at the National Solar Energy Conference a week after it was passed. Two of Arizona’s competitors announced cutbacks to their programs when Arizona announced its new program. He would encourage GPEC and Mesa’s staff to interface to get Mesa in the pipeline as GPEC is out promoting the region as a whole, both in its California Initiative and the Solar Energy Initiative.

Mr. Jabjiniak commented that he appreciated the help of Mr. Campbell, Mr. Crockett and Mr. Shope with the whole initiative. He received an email from the Department of Commerce which is working on a solar related project with no site selector involved, and wages are approximately \$65,000 - \$75,000 per year. Those wages are not typical. Solar projects that we see are usually lower for wages. Here is an opportunity where we can get in the door and follow-up with some of our funding opportunities that we have worked hard over the year to put in place. We now have the Department of Commerce working directly with our department like we are looking for GPEC to work directly with us as well. There is good synergy around solar, but we also need to be somewhat selective as to what we pursue.

9. Other Business

Chair LeCheminant reminded the EDAB members of the next scheduled meeting on September 1, 2009. After a short discussion it was unanimously decided to hold the September meeting out at Phoenix-Mesa Gateway Airport including a bus tour of the airport terminal and vicinity.

Mr. Langkilde requested an update on the Federal Grants allocated to the Gateway Airport.

Mr. Jabjiniak assured Mr. Langkilde that Mr. Kusy would have the information available.

Mr. Adams requested information on the Julio Cesar Chavez Campeones Projects estimated opening.

Mr. Jabjiniak responded that it was on course for an end of August or first part of September opening.

10. Adjournment

Chair LeCheminant adjourned the meeting at 9:21 a.m.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Betsy Adams)